Department of State **TELEGRAM**

~~CONFIDENTIAL~~ 123 **EXCISE**

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ACTION E-04

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C O N F I D E N T I A L LONDON 6049

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SUBJ: OILI : JUSTICE DEPARTMENT ACTION ON COMPANY COOPERATION AND COMPANY SHARING AGREEMENT

REF: (A) JUNE 28 MCGRATH/AKINS TELECON; (B) TRIPOLI 1189

1. SUMMARY: WE WOULD APPRECIATE BEING KEPT INFORMED DEVELOPMENTS THIS SITUATION, WHICH CURRENTLY MATTER OF LIVELY CONCERN TO HMG AND LONDON OIL COMMUNITY. IN CONVERSATIONS HERE WE HAVE STRESSED THAT DEPARTMENT HAS MATTER IN HAND, BUT WE WOULD LIKE TO HAVE INFORMATION AND GUIDANCE NEEDED TO DEAL WITH OFFICIAL OR OTHER INQUIRIES AND CARRY OUT APPROPRIATE [redacted] EXERCISE.
END SUMMARY

2. AS WE UNDERSTAND IT, JUSTICE PROPOSING EARLY ANNOUNCEMENT TO EFFECT THAT ITS ACTION (USUALLY CALLED "WAIVER" HERE) COVERING US FIRMS' PARTICIPATION IN COORDINATED COMPANY CONDUCT (WE READ LONDON POLICY GROUP) OF NEGOTIATIONS WITH OPEC COUNTRIES HAS TERMINATED BECAUSE RELEVANT NEGOTIATIONS ENDED WITH SAUDI SIGNING. WE SUPPOSE THAT MEANS END OF LONDON POLICY GROUP AND OF US FIRMS' FREEDOM TO COORDINATE COMPANY POSITIONS WITH ONE ANOTHER AND WITH EUROPEAN FIRMS (UNLESS NEW "WAIVER" OBTAINED APPLICABLE TO NEW SITUATION. WE UNDERSTAND THAT JUSTICE ALSO PROPOSING MAKE PUBLIC COMPANY SUBMISSIONS RELATING TO ITS ACTION AND TEXT OF SHARING AGREEMENT. WE ALSO UNDERSTAND THAT REPRESENTATIVES BRITISH, DUTCH, FRENCH EMBASSIES MADE JOINT VISIT TO DEPARTMENT

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JUNE 28 TO EXPRESS THEIR CONCERN AT TIMING OF PROPOSED JUSTICE ACTIONS.

3. IN CONVERSATIONS HERE FCO TOLD US [redacted] B1

OIL COMPANY OFFICIALS HERE INCLUDING BP [redacted] POINTING [redacted] TO CURRENT IRANIAN DEMANDS, UNCERTAINTIES OF EXPECTED CFP -ALGERIAN SETTLEMENT, AND SCHEDULED OCTOBER NEGOTIATIONS WITH IRAQUIS. US OIL MEN HAVE ALSO RAISED QUESTION OF REACTIONS IN EUROPEAN CONSUMER COUNTRIES TO REALIZATION THAT COMPANIES' ABILITY PRESENT UNITED FRONT IS ENDED.

4. IN OUR DISCUSSION WITH FCO [redacted] B1

LONDON OIL MEN [redacted] HAVE INDICATED [redacted] ACCEPTANCE OF WHAT B1
THEY APPARENTLY CONSIDER TO BE THE INEVITABLE, [redacted]

5. ON POINT OF DISCLOSURE OF DOCUMENTS AND SHARING AGREEMENT, HOWEVER, FCO TOLD US THAT ITS JUDGMENT HANDICAPPED BACAUSE IT IS NOT ENTIRELY CERTAIN JUST WHICH MATERIAL IT IS THAT JUSTICE PROPOSING TO MAKE PUBLIC. FCO ALSO RAISED POINT [redacted] B1

6. FCO INDICATED TO US THAT [redacted] B1

ON BASIS REFERENCE TELECON, WE ASSURED FCO THAT DEPARTMENT HAS MATTER IN HAND AND SUGGESTED THAT FCO SHOULD ACCEPT DEPARTMENT'S GUIDANCE. WE HAVE TAKEN SIMILAR LINE WITH COMPANY OFFICIALS.
GP-4.
ANNENBERG

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